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MAY 1989

AMERICAN CITY & COUNTY

Will Recycling Work?

Q&A with Lee Thomas

Editor's Financial Special Section

AMERICAN CITY & COUNTY®

May 1989 Vol. 104, No. 5

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Shadows of the Spotlight

A public office, it has been said, can be as powerful and influential as the occupant wants it to be. But public works officials, more often than not, work in the shadows of the spotlight of recognition, dealing with matters their constituents, namely the citizens of their city or county, usually take for granted.

So it seems only just and fair that some national program should recognize their contributions to the quality of life Americans enjoy, one of the highest in the world.

The American Public Works Association has sponsored its Top 10 Public Works Leaders of the Year competition for almost 30 years. The program recognizes outstanding contributions and achievements in the field of public works, not only through professional accomplishments, but through social, community, and educational avenues as well.

So when an editor from *American City & County* was asked by the APWA to be a judge in its 1989 competition, we welcomed the invitation.

We have been reporting the victors of the competition every year since its inception, duly noting each winner's achievements. But now we had an opportunity to enter the behind-the-scenes realm of judging an international competition recognizing an important segment of *American City & County's* readership.

The whole process began with a bang, or rather, with a thump. Forty pounds of mail were dumped on my desk late one Friday afternoon. Entry forms, supporting data, photos, letters of recommendations, project descriptions — some stapled together, others in huge binders and notebooks. Ann Glaser, APWA's general secretary, told us that volumes upon volumes of information would be coming, but somehow the warnings didn't prepare us for the actual experience.

Between 30 and 40 hours of required reading (in between the rigors of working on a national magazine) was needed to digest all the information about each candidate. A total of 312 applications was received, from virtually every state, as well as Canada and Puerto Rico. Some applicants managed multibillion-dollar programs, while others scratched for every nickel and dime they could get for their departments.

Chicago is cold in February, when the actual judging takes place. Two weeks after receiving the award applications, we would gather in the APWA's home city, where each judge would present his or her list of 50 or so "favorite" candidates, kind of a semifinal. From there, the time-consuming, hair-pulling, teeth-gnashing narrowing process would begin.

The panel of judges represented a wide range of backgrounds as well. Allan Dieckgraefe came from University City, Mo., where he serves as director of public works, while Farnest Gloyna is a professor from the Department of Civil Engineering at the University of Texas/Austin. June Spence is an APWA past president now residing in Hammond, Ore., and Donald Weinert is executive director of the National Society of Professional Engineers.

No matter how much time and effort the judges put in, you had to believe that Ann had an even bigger job. Bringing five individuals from all parts of the nation into one place at one time is no small task. But her attention to detail was extraordinary. No matter how minute the detail, she treated even the most minor complaint with the greatest sense of urgency.

With more than 26,000 members, the APWA reaches into practically every city and hamlet in North America. So how long did it take to narrow our list down to 10 winners and two alternates? The amount of time the average American waits between lunch and dinner — little more than an afternoon.

That's not to say that the process was taken lightly and filled with easy compromises. Every judge had a listing of favorite candidates. What was so interesting was how each judge's semifinal listing overlapped that of the others, but for different reasons. They varied from the way the applicants promoted continuing education programs within their department to the cost-effective manner in which they managed large projects.

Regardless of the choices we made, the one common denominator among all the winners was excellence.

So this year, *American City & County* highlights the Top 10 Public Works Leaders of the Year in our Newsmakers section as usual, but with a new feeling of admiration and appreciation. As the magazine celebrates its 80th birthday this year in conjunction with the APWA Congress, we have an even better understanding of how it feels to work on the periphery of the public spotlight. □

—Tim Darnell
Managing Editor

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BPA

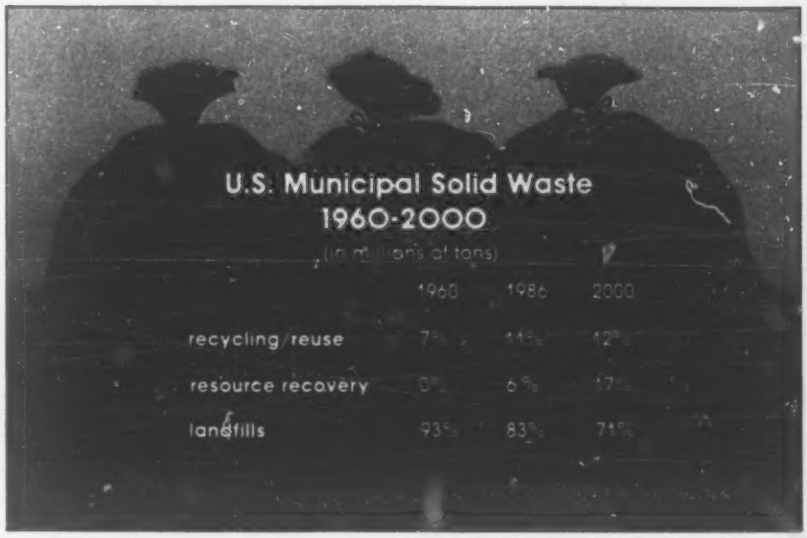
Landfill Alternatives Expected to Increase

A much larger portion of America's municipal solid waste will be recycled or used in resource recovery by the year 2000, according to "Landfill Capacity in the U.S: How Much Do We Really Have?," recently released by the National Solid Wastes Management Association.

According to the report, only 7 percent of the nation's municipal solid waste was recycled in 1960 and none of it was used in resource recovery. The remaining 93 percent was buried in landfills. By 1986, 11 percent of the garbage was recycled and 6 percent used in resource recovery, while the landfill figure dropped to 83 percent.

By 2000, the report predicts 12 percent, or 23.9 million tons, of America's solid waste will be recycled, while 17 percent (32 million tons) will be used in resource recovery. The remaining 71 percent, or 136.8 million tons, will be buried in landfills, the report says.

According to the U.S. Environmental Protection Agency's most recent estimates, Americans produce nearly 250 million tons of trash each year. Close to 160 million tons are generated by individual households and neighborhood businesses. Even after recycling and waste-to-energy combustion have taken place, more than 131 million tons must be buried in landfills, 57 percent of which are owned by city and county governments.



Guidelines Can Reduce Recycling Program Costs

The cost of some curbside recycling programs can be reduced by more than 20 percent by applying specific efficiency guidelines, according to research conducted by Willard Bishop Consultants Ltd., Barrington, Ill.

"Now that we are able to accurately quantify the costs of operating a curbside recycling program, the information can be used to develop guidelines that municipalities can keep in mind as they design new programs or move to improve the efficiency of their current programs," says Bill Bishop, president of the firm.

Overall costs are determined largely by specific factors such as crew size and the mix of materials collected. Bishop says that six efficiency guidelines have been developed to address those and other issues. The guidelines include minimizing driving time in the program; utilizing one-person collection crews; considering the mix of recyclables in evaluating program efficiency; reducing the cubic volume of glass, aluminum, or plastic as early as possible in the collection process; developing program procedures and designing household containers to minimize crew clean-up time; and fine-tuning program details to reduce non-productive use of labor.

In addition to the research being used to develop efficiency guidelines, it was used to create a computer-based collection cost model. Bishop says an important feature of the model is its ability to perform "what-if" simulations, such as what would happen if a two-person collection crew was reduced to one person, or what would be the economic effect of adding to or subtracting from the current mix of recyclables collected in a program.

Camden, N.J., to Have Unusual Waste Program

Foster Wheeler Corp., Clinton, N.J., has begun construction on a 1,050-ton-per-day waste-to-energy plant in the South Camden, N.J., Industrial Park.

The plant, valued at more than $100 million, will serve 26 communities in Camden County. Designed to operate in conjunction with a countywide recycling program to create a totally integrated waste disposal operation, the program will incinerate only material that cannot be recycled.

The plant, scheduled for completion in 1991, will generate 24 megawatts of electricity per day. The plant owner and operator, Camden County Energy Recovery Associates, is a partnership of wholly-owned subsidiaries of Foster Wheeler Power Systems. The project was financed through revenue bonds issued by the Pollution Control Financing Authority of Camden County.

The plant's stack will be monitored continuously to assure compliance with state air pollution standards.

Knox County, Tenn.: The Knox Metropolitan Solid Waste Authority has selected Foster Wheeler Power Systems, Clinton, N.J., for final negotiations to build and operate an $83 million waste-to-energy plant. The facility will process a nominal 900 tons of municipal refuse per day to generate 30 megawatts of electricity for utility distribution.

Hartford, Conn.: The Mid-Connecticut waste-to-energy plant, designed and built by Combustion Engineering Resource Recovery Systems, Stamford, Conn., has completed and passed all tests required for acceptance and has been placed in commercial operation by the Connecticut Resource Recovery Authority.

Norristown, Pa.: Mayor Samuel Vallone has announced the purchase of 15 new concrete decorator trash receptacles for the borough. The 30-gallon receptacles will be placed throughout the Main Street and West End business districts to encourage local businesses and residents to keep Norristown clean.

Gaston County, N.C.: Westinghouse Electric Corp., Pittsburgh, has been selected by the county as the vendor for a waste-to-energy plant. The plant, to be built near High Shoals, N.C., will be capable of processing up to 400 tons per day of the county's municipal waste.

NLC, NACo Hold Legislative Conferences

Once again a call for partnership among all levels of government echoed through Washington as thousands of local officials gathered for both the National League of Cities (NLC) and the National Association of Counties (NACo) recent annual legislative conferences.

Panetta

During general assemblies, members of Congress and the administration told NLC delegates they recognize the need for a strengthened partnership in order to tackle domestic problems during immense budget constraints due to the massive federal deficit.

House Budget Chairman Leon Panetta of California told the officials, "The essence of what our forefathers established in our Constitution was a partnership between all levels of government, working together to meet the challenges ahead of us." Panetta favors matching spending with revenues, treating defense and non-defense spending alike, protecting programs to aid the poor and allocating some funds to meet the nation's social needs.

Keynote speaker Elizabeth Dole, secretary of the U.S. Department of Labor, told delegates the nation's workforce demands a partnership as well. "Working together, federal, state and local governments, along with business and labor ... can fulfill a dream that every person who wants a job can have a job if they have the skills."

Dole opposes increasing the minimum wage dramatically without a training wage. "If we want to help people out of poverty, then we need to raise the levels of literacy and basic skills, provide education, remedial education, rather than raising excessively the minimum wage."

Rep. Beryl Anthony of Arkansas, a member of the House Ways and Means Committee, promised delegates that with their help, "federalism can be a two-way street." During the conference, Anthony received the League's Distinguished Congressional Award for his work on public finance and federal tax exemption laws.

The new secretary of Housing and Urban Development, Jack Kemp, told the league's board of directors his interest is in "building bridges to the mayors."

Phoenix Mayor and NLC President Terry Goddard outlined the basic investments needed in America's cities.

"These priorities address the root causes of the decay in urban America," he said, and called for federal support for enterprise zones, a new housing initiative and full funding for the McKinney Homeless Bill, the drug bill, and Head Start.

Leaders of Congress and the administration were equally supportive when addressing the NACo conference.

Bill Canary of the Intergovernmental Affairs Office told NACo directors the administration understands that local government is not just another special interest group, that unfunded mandates are bad for local government, and that a partnership between governments can and should be accomplished. "You do have a friend in the White House," he said, referring to President George Bush.

During one general assembly, Sen. James Sasser, chairman of the Senate Budget Committee, noted the deteriorating share of federal aid given to counties over the past eight years. He said the Reagan administration's decision to eliminate general revenue sharing was wrong.

"You have contributed your fair share and more to the deficit reduction prices," he said, adding that the trend cannot continue. As he oversees the Senate's budget-making process, he promised counties would get a fair fiscal deal in 1990.

Panetta, also addressing the NACo delegates, said he recognizes the financial predicament of local governments, but "no one can tiptoe past the problem of making tough (budget) choices." He noted that there is little left to cut in the 12 to 14 percent of the budget that supports domestic programs, which already has been cut by 25 percent over the past eight years. "If we cannot provide you with the resources, then we better damn not hand you the mandates," he said.

Vice President Dan Quayle was the keynote speaker at the conference, and said Bush supports fewer federal mandates, especially in the area of mandatory parental leave and health insurance.

He also explained the philosophy that will guide the new administration: the principles of decentralization, partnership and accountability. Quayle said decentralization acknowledges that people in local areas are well-equipped to make decisions, that partnership acknowledges that one level of government cannot solve all problems by itself and that government must also reach out to the private sector. "We want to see success. We want to see opportunities and more individual choice."

Marian Wright Edelman, founder and president of the Children's Defense Fund, received a standing ovation after she detailed the plight of the nation's children. "Children's issues are important issues. Our children are getting poorer as our nation gets richer. We can save our children and our future, but

SURVEY SPOTLIGHT

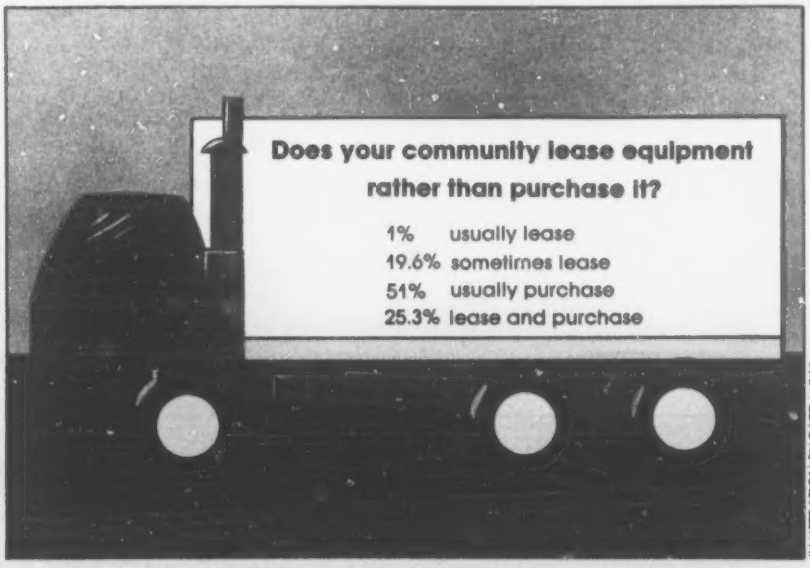
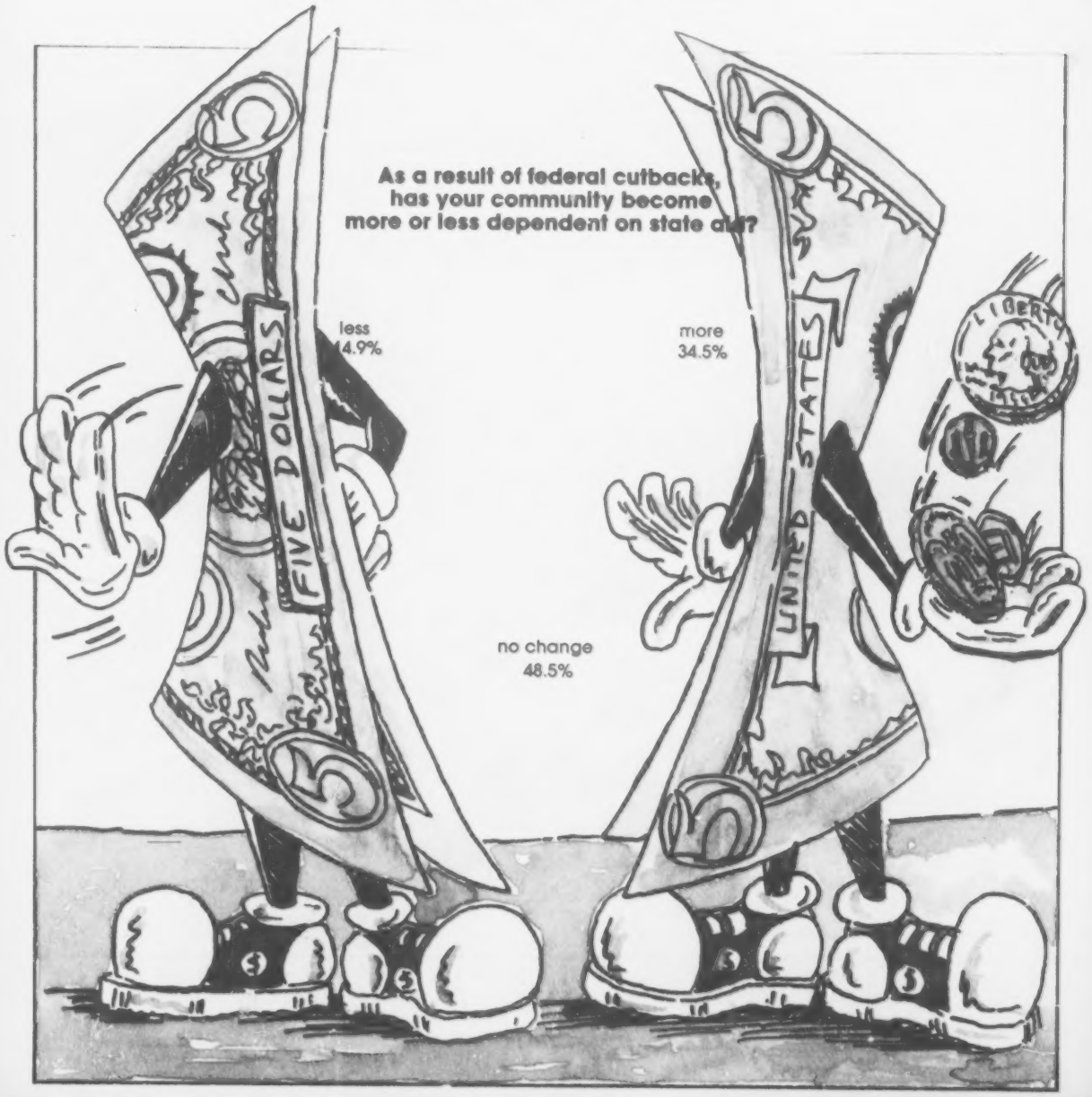

Does your community lease equipment rather than purchase it?
1% usually lease
19.6% sometimes lease
51% usually purchase
25.3% lease and purchase

ILLUSTRATION BY PATTI VOSS

Exclusive Survey:

Local Governments Standing On Their Own

By Tim Darnell, Managing Editor



Managing growth in Southern California has been a hot item for more than a decade. Various growth referendums, commercial development restrictions, and other grass-roots voter initiatives still appear on ballots regularly. But one voter reaction to growth and a perception of excessive spending has put many California communities in a financial straitjacket.

Ten years ago, voters put a restriction on how much cities are allowed to spend based on individual historical spending patterns, limiting the amount of money California cities can spend regardless of their income.

"This has created chaos in some cities," says Hal Conklin, a councilman from Santa Barbara. "It affects different cities in different ways. Some communities are not allowed to pay for police and fire services, even though they have the money. What has been created is a meat-axe approach."

Even so, Santa Barbara is holding its own. "In the face of all this, we have had to be much more creative about managing local finances," says Conklin, who sits on the National League of Cities Board of Directors. "We are not depending on the state to help, and we don't expect the federal government to ever be there again for us. We are funding some projects through bond initiatives."

Most communities are standing on their own feet like Santa Barbara, even on shaky financial ground. An exclusive *American City & County* survey found that more than 63 percent of local governments either are less dependent or no more dependent on state aid for financial assistance during recent federal cutbacks, a trend that Pat Glisson, Atlanta's commissioner of finance, says may be only temporary.

"What we may be seeing today is an intermediate stage where cities and counties are determining what to ask the state for," says Glisson, a past president of the Government Finance Officers Association and a member of *American City & County's* Editorial Advisory Board. A little more than 34 percent said they have become more dependent.

The survey of 1,000 local officials was conducted by the Research Division of *American City & County* and had a completion rate of 38.8 percent. The maximum sampling error was plus or minus 5 percent, a 95 percent confidence level.

Most respondents are located in the Southeast (23.7 percent). Others hail from the Upper Midwest (2) percent), the Northeast (21.6 percent), the Southwest (17.3 percent), the Lower Midwest (9.3 percent) and the Northwest (4.4 percent). Also, more respondents oversee budgets of between $2 million and $10 million (42.5 percent), while only 5.4 percent enjoy budgets of more than $100 million. Equally divided were respondents with budgets of less than $2 million and budgets between $11 million and $25 million.

What taxes would you raise for deficit-reduction purposes?

ALL ILLUSTRATIONS BY ROBERT CLARK

In addition to being ambivalant toward state aid, most respondents anticipate no drastic change in federal policies from George Bush. Sixty-six percent of the respondents said the Bush administration will be no more responsive to local fiscal concerns than President Reagan's; 27.1 percent said more responsive and 5.2 percent said less.

More survey respondents would prefer the federal government raise taxes and cut spending to fight the deficit, rather than simply one or the other. Of those who picked between the two, 39.9 percent prefered spending be cut, while only 4.1 percent favored raising taxes.

More than 50 percent of survey respondents said they would raise corporate taxes to reduce the deficit, while 40.7 percent chose oil/import taxes. Excise taxes ranked third with 36.9 percent, followed by gasoline taxes (36.3 percent), and individual income taxes (19.6 percent). More respondents indicated they would cut spending for foreign aid (75.5 percent), while military spending (63.7 percent), entitlement programs (32.7 percent), and domestic programs (24 percent) followed.

But while cities and counties still are providing needed and expected services, cutbacks and sacrifices have been necessary. Some communities have imposed or raised user fees (61.9 percent), increased taxes (47.4 percent), reduced services (31.4 percent), made cutbacks in staff (28.9 percent), or privatized services (22.7 percent).

Infrastructure repair ranks at the top of the list of services reduced, with 40.7 percent of respondents indicating cutbacks because of declining federal aid. Social services follows with 14.2 percent, garbage collection with 8 percent, and housing rehabilitation with 7.5 percent.

Public works is far and away the area most affected by federal cuts, with 57.2 percent noting reductions. Social services follows with 26.5 percent, then transportation (14.7 percent), police services (12.4 percent), administration (11.1 percent), education (10.1 percent), health care (8.2 percent) and fire departments (5.9 percent).

Bonds are becoming more popular as an alternative to financing programs. In November 1988, 91 percent of all bond referendums on ballots nationwide were approved by voters. Almost 76 percent of those responding anticipate future bond issues, while 23.2 percent do not. Outlays anticipated for future bond issues include roads and bridges, parks and recreation, schools, sewer and wastewater treatment facilities, and water provisions.

But the outlook for municipal bonds is more unclear. Some financial experts anticipate a shrinking market in the near future, and more investors may be unwilling to assume municipal debts. Almost 45 percent of survey respondents have contracted with an outside organization, such as a bank or brokerage firm, to provide financial consulting services.

"The alternative minimum tax for corporations will increase Jan. 1, 1990, and property and casualty companies may be out of the market for municipal bonds," says Raiph Horne, executive vice president of First Tennessee Bank and chairman of Public Securities Association's municipal division. "This will leave only individual investors and insurance companies that may find

these types of bonds attractive. But these types of buyers are hard to predict, and they may shy away from municipal bonds."

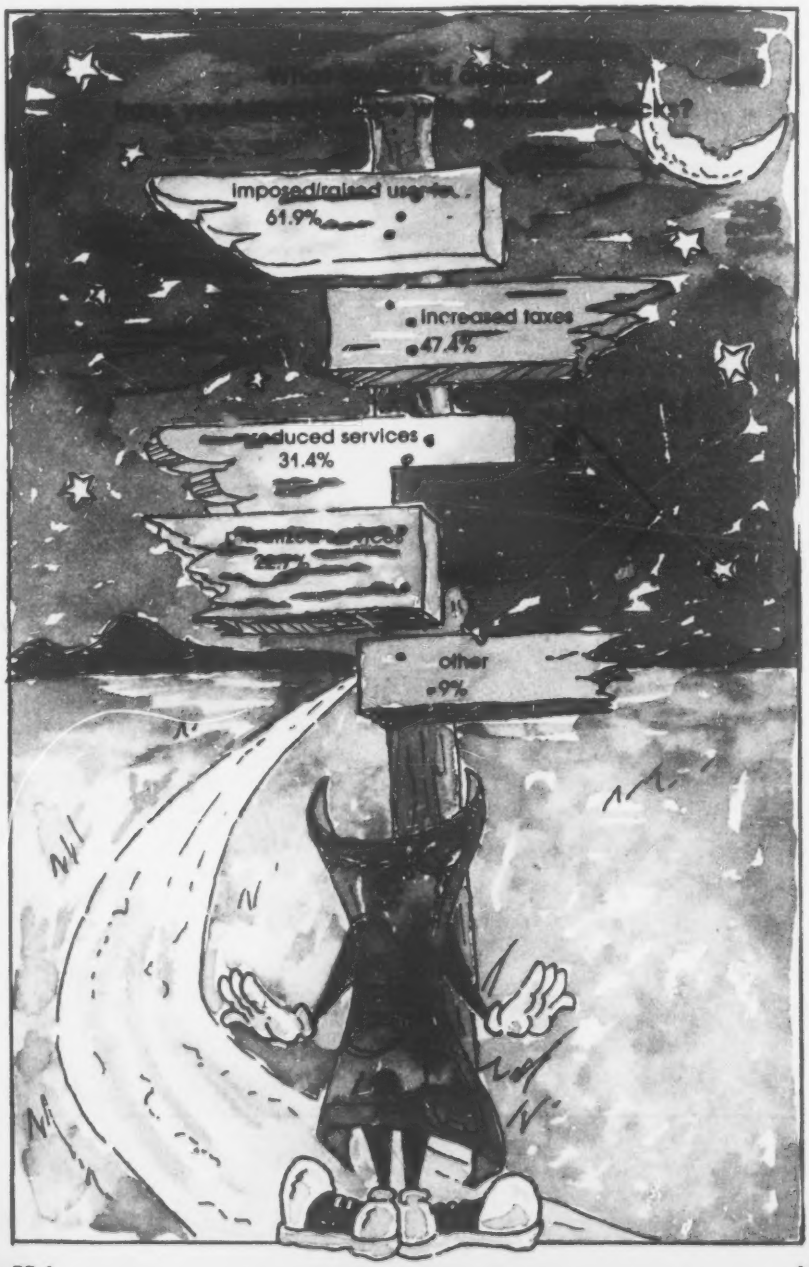
However, David Elliot, president of the Municipal Bond Investors Association (MBIA), says the outlook for municipal bond investment is brighter, given the tax-exempt nature of the bonds and the need to repair the nation's infrastructure.

"Municipal bonds are the last tax-shelter game in town," Elliot says. "As interest rates rise, this should add to the attractiveness of municipal bonds. In corporations, the higher the tax rate is, the more they should want tax-exempt bonds."

A study commissioned by the MBIA found that total state and local spending needs to be increased anywhere from $10 billion to $70 billion a year to maintain America's infrastructure (*American City & County*, April 1989.) "It's no secret the federal government is not as generous as it used to be," Elliot says. "Communities will more and more avail themselves of this type of financing tool. The demand is there for tax-exempt paper and the need is there also."

What can a municipality do to make its bonds more attractive? Horne advises keeping a watchful eye on interest rates and shoring up a bond's credit worthiness.

"We are in the middle of an inverted yield curve right now, and these usually last about a year," he says. "We may see a recession pretty soon to bring interest rates down. There are a lot of people out there who are not buying municipal or any other types of bonds because they are waiting for interest rates to go down."



For the future, communities are more likely to privatize services than they were five years ago, with only 26 percent saying they are less likely. Garbage collection ranks at the top of the list of services most likely to be privatized, with basic maintenance services, road construction, wastewater treatment, parks and recreation and other solid waste services next in line.

The Governmental Accounting Standards Board (GASB) is updating its procedures manual, which occurs every five years. A recent survey by the Financial Accounting Foundation, responsible for funding and selecting members of the GASB, found that most leaders in state and local government believe there is a great need for financial accounting and reporting for state and local government entities.

"The basic proficiencies of financial operations, such as accounting, budget and cash management may change as a result," Glisson says. "But the thing that sticks out in my mind is that we, as finance officers, are gravitating away from everyday, nuts-and-bolts operations, to larger areas, such as financing economic development, figuring out ways to fund social needs, how to deal with an aging population, etc. These policy aspects are things we are not accustomed to.

"Clearly this is a trend we can expect to continue, but we cannot lay aside those other things."

Jack Miller, national director of government services for Peat, Marwick, Mitchell & Co., foresees even greater changes for local finance officials over the next eight to 10 years.

"Transformation is what we are looking at today, and these transformations will take place in the areas of technology, executive information systems, service capacities and deliveries, not in the realm of debits and credits," he says. "The lack of advanced technology is one of the biggest weaknesses among government today. We have an information overload in government, but not the technology to handle it."

With so many local finance officials anticipating no change in direction from the federal government, and with so many uncertainties ahead for local coffers, American cities and counties may remain on their own for some time, facing their own unique set of circumstances as Santa Barbara, yet still providing the services their constituents have come to expect. As Glisson says, "The concept of survival suggests that you figure out ways to keep the machine running first, and determine what assistance may be needed later." □

MUNICIPAL COST INDEXES

For the fifth month in a row, the **Municipal Cost Index** registered a slight increase, experiencing a 0.3 percent rise to 117.5. The **Construction Cost Index** saw the smallest gain, a 0.1 percent increase over last month's 118.8. Both Bureau of Labor Statistics figures also rose, with the **Consumer Price Index** reading 121.6, and the **Producer Price Index** registering 110.8.

MOST RECENT MARKETBASKET

	Current Index	Percent Change From: Previous Month	Last Year
Air Conditioners	116.5	−0.2	4.0
Apparel	113.6	0.2	3.6
Asphalt Roofing	94.4	−1.7	1.8
Ball Bearings	122.5	1.2	10.7
Coal	93.8	−0.3	−2.6
Communication Devices	103.8	−0.1	0.4
Concrete Products	110.6	0.2	0.7
Construction Machinery	115.3	0.1	3.9
Diesel Fuel	54.2	0	5.2
Electric Components	119.2	−0.3	2.2
Electric Power	110.7	−0.1	2.5
Floor Coverings	115.3	−1.4	1.9
Fuel Oil No. 2	52.5	−6.4	1.2
Foundry Products	113.2	0.8	5.2
Furniture	126.9	0.1	4.5
Gasoline	56.9	2.7	5.6
Generator Sets	127.5	1.1	7.1
Glass	110.4	−0.2	1.8
Glass Containers	112.5	0.2	0.3
Gypsum Products	110.9	−0.2	−5.0
Hardware	118.7	0.9	6.1
Heating Equipment	123.0	1.0	3.9
Industrial Chemicals	117.6	0.8	17.2
I.C. Engines	112.7	−0.1	1.9
Iron	82.8	0	0.2
LP Gas	52.4	6.3	−0.4
Lumber	127.3	0	−3.5
Metal Fabrications	118.6	0.4	7.0
Mixed Fertilizers	108.9	0.6	4.8
Motor Vehicle Parts	108.4	0.2	2.2
Natural Gas	84.7	1.9	9.3
Office Machines	108.5	0.1	2.4
Paint	130.3	3.9	17.2
Paper	130.2	1.2	9.7
Passenger Cars	116.0	−0.3	3.7
Petroleum	50.2	1.2	1.0
Plastics	141.3	0.4	14.4
Plumbing Fixtures	135.7	1.3	9.8
Plywood	109.5	3.7	4.9
Portland Cement	101.8	−1.0	−1.4
Pumps	113.2	0.4	6.0
Residual Fuel	43.7	4.3	0.5
Rubber	110.5	0.5	1.7
Sand, Gravel	121.9	0.5	1.9
Sanitary Papers	121.7	3.2	8.0
Soaps, Detergents	119.8	0	7.5
Sporting Goods	108.1	0.7	2.8
Steel Mill Products	114.4	0.6	6.2
Switchgear	118.0	1.0	5.8
Synthetic Fibers	100.7	0.5	6.3
Tires, Tubes	96.8	0.9	4.2
Tools, Dies	112.7	0.4	2.5
Transformers	114.5	1.6	5.9
Transmissions	120.0	0.6	4.8
Trucks	117.1	0	5.7
Valves	118.6	0.7	7.3
Wire, Cable	146.0	−0.9	15.1
Wiring Devices	128.3	0.7	5.4

Air conditioning equipment dropped 0.2 percent, while heating equipment rose 1.0 percent to 123.0. Electric power also dropped 0.1 percent.

—Compiled by Tim Darnell

At-A-Glance Changes

MUNICIPAL COST INDEX

Last Year 113.1 — Previous Month 117.2 — Current 117.5

Percent Change By: Month **0.3** Year **3.9**

CONSTRUCTION COST INDEX

Last Year 116.7 — Previous Month 118.8 — Current 118.9

Percent Change By: Month **0.1** Year **1.9**

CONSUMER PRICE INDEX (BLS)

Last Year 116.0 — Previous Month 121.1 — Current 121.6

Percent Change By: Month **0.4** Year **4.8**

PRODUCER PRICE INDEX (BLS)

Last Year 104.6 — Previous Month 110.3 — Current 110.8

Percent Change By: Month **0.5** Year **5.9**

These figures are calculated on a base year of 1982.

QUARTERLY MUNICIPAL TRENDS

	Current Level	Percent Change From: Last Qtr.	Last Year
Receipts	698.4	2.3	10.0
Federal Grants	109.4	−1.6	5.1
Durable Purchases	30.0	2.4	6.4
Consumables	48.0	5.0	27.7
Services	444.6	3.4	14.8
Structures	66.4	2.5	2.8
Salaries, Wages	347.8	2.8	12.2
Surplus	56.2	0.1	5.4
Employment	14.547M	0.9	3.9